

Mill Creek Industrial Park Urban Renewal Report

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Ordinance No. 37-05

LIST OF PARTICIPANTS

City of Salem Staff

Rick Scott, Urban Development Department Interim Director
Peter Fernandez, Public Works Department Assistant Director
Jill Corcoran, Urban Development Department Revitalization Supervisor
Sean O'Day, Assistant City Attorney

State of Oregon Department of Administrative Services Staff

John Wales, Real Property Services Manager
Gregory Parker, Real Property Services Property Development Coordinator

State of Oregon Department of Justice

Eric Iverson, Assistant Attorney General

Consultants

Jeffrey Tashman, Tashman Johnson LLC
Tina Mosca, Consulting Planner
Ranjit Thomas, Financial Consultant

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REPORT FOR MILL CREEK INDUSTRIAL PARK URBAN RENEWAL PLAN

I. INTRODUCTION

The Mill Creek Industrial Park Urban Renewal Report (the “Report”) contains background information and project details for the Mill Creek Industrial Park Urban Renewal Plan (the “Plan”).¹ The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan. The conceptual Master Plan map, shown in Figure 1, illustrates the phasing described in the Master Plan.

The Report provides the information required in ORS 457.085(3). The format of the Report is based on this statute.

¹ During the planning stages, the Mill Creek Industrial Park was also known as the Salem Regional Employment Center (SREC). Consequently some of the titles of earlier planning documents noted in this Report refer to SREC.


Salem Regional Employment Center





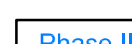
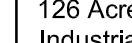
Preliminary Master Plan *
August 10, 2004

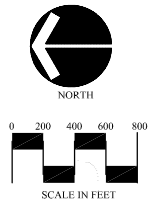
* Uses, acreages and locations are preliminary and subject to change

Draft

Legend

	Industrial	313 ac.
	Industrial Park	80 ac.
	Business Park	104 ac.
	Service Center	10 ac.
	Open Space	111 ac.
	New Right of Way	28 ac. (estimate)

	100 Year Flood Plain	646 ac.
	10,000' Airport Buffer	
	Multi-use path in right-of-way	
	Recreational trail	
	Existing protected wetlands	
	Potential wetland impact areas to be mitigated	



Phase IB
136 Acres
Industrial
Larger User
Single Parcel

Phase IC
51 Acres
Industrial
10-20 Acre Parcels
Includes
Prison Employment

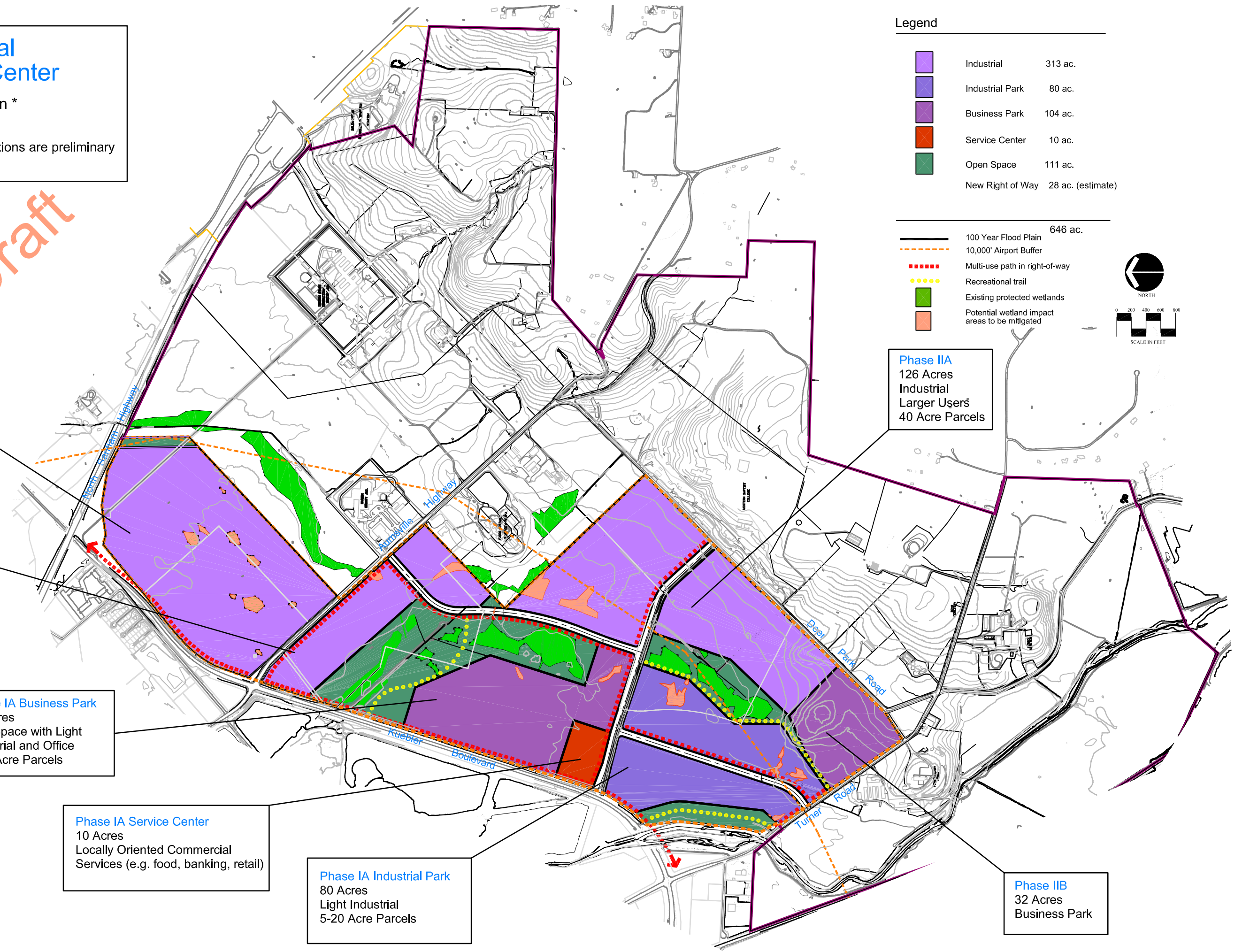
Phase IA Business Park
72 Acres
Flex Space with Light
Industrial and Office
2-10 Acre Parcels

Phase IA Service Center
10 Acres
Locally Oriented Commercial
Services (e.g. food, banking, retail)

Phase IA Industrial Park
80 Acres
Light Industrial
5-20 Acre Parcels

Phase IIA
126 Acres
Industrial
Larger Users
40 Acre Parcels

Phase IIB
32 Acres
Business Park



II. EXISTING PHYSICAL AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Mill Creek Industrial Park Urban Renewal Area (the “Area”), documenting the occurrence of “blighted areas” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use and Zoning

The Area comprises an estimated 828 acres of undeveloped, tax-exempt land, under the ownership of the Oregon Department of Corrections (DOC). It is located in the southeast corner of the Salem Urban Growth Boundary, adjacent to the DOC’s Mill Creek Correctional Facility. The Area is bounded by several major roadways, including Kuebler Boulevard, Turner Road, Highway 22 and Deer Park Road, and constitutes 2.4% of Salem’s estimated 26,109.40 acres of total land area.

In 2005, the City of Salem Zoning Ordinance was amended to establish new provisions for the Mill Creek Industrial Park and facilitate the City’s economic development objectives for the Area. The Area is located within the City’s Employment Center (EC) Zone. As described in the Plan, the EC Zone permits a broad mix of employment uses, including but not limited to manufacturing and production, freight movement, industrial services, office and business park uses. In the future, the City may apply the EC Retail-Service Center Subzone to a maximum of 3% of the Area’s total acreage to provide for retail and service commercial uses.

B. Infrastructure

1. Transportation

Given that the Area is vacant, access demands are low and the Area’s roadways are generally adequate for existing transportation needs. However, with the phased development of the Area, critical upgrades to existing roadways will be needed to accommodate anticipated increases in capacity demand and traffic volume as development proceeds.

The Plan supports transportation projects that will further economic development and transportation goals set forth in the Comprehensive Plan and Transportation System Plan (TSP). In particular, the Plan proposes transportation improvements that will increase safety and capacity on existing roads through the addition of new traffic lanes and traffic signals at key intersections. Further, road widening and upgrade projects will incorporate bike lanes, sidewalks and pedestrian-oriented streetscape improvements. These improvements will help provide a balanced,

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multimodal transportation system that supports the safe and efficient movement of goods and people, a stated goal of the Comprehensive Plan.

The City has established a preliminary list of priority transportation needs, which include the following:

1. Widen Area roadways and provide additional travel lanes to accommodate anticipated increases in capacity demand.
2. Signalize intersections where development is anticipated to generate acceptable level-of-service operating conditions for both traffic volume and delays.
3. Upgrade existing roadways to meet functional classification standards defined in the TSP.
4. Concurrent with road widening and expansion projects, provide bike lanes, sidewalks, and pedestrian-oriented streetscape improvements to increase multimodal circulation, safety, and connectivity.

2. Public Utilities

The Area lacks adequate sewer, water, and stormwater infrastructure. To jumpstart development and stimulate private investment, upgrades to the Area's existing sewer and water facilities must be completed in conjunction with the extension of new sewer and water lines to areas not currently served. The Plan identifies the extension of sewer and water mains along major access roads, including Aumsville Highway and Kuebler Boulevard, and the construction of a new 2.3 million gallon reservoir with associated pipelines as priority projects. In addition, the provision of on-site stormwater conveyance facilities, open space, and stormwater detention facilities designed to mitigate the impact of development on wetlands and the natural environment will facilitate the Area's timely and efficient development.

The following public utility improvements have been identified as priority needs:

1. Improve the connection under Mill Creek to the existing State sewer.
2. Extend new water and sewer mains from existing connections to the intersection of Kuebler Boulevard and the (new) Mill Creek Industrial Park East-West Street.
3. Construct new sewer lines along Aumsville Highway.
4. Reorganize the private sewer system in Phase 2 (Figure 1) properties to create a public system, align with the new street system, and provide metering for separate users.
5. Construct a new water line along Aumsville Highway, from the Marion County Jail property to Saddle Club Drive NE.
6. Construct a new 2.3 million gallon reservoir and pipelines.
7. Develop an on-site stormwater conveyance system to divert stormwater discharge from Phase 1B and Phase 1C properties to the Department of Public Safety Standards and Training (DPSST) system.

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8. Develop compensatory wetlands and stormwater detention sites in the central and southern portions of the Area to manage stormwater runoff and mitigate the impacts of development on the Area’s environmentally sensitive areas.

C. Social Conditions

As described above, the Area is entirely undeveloped. Accordingly, a summary of existing social conditions is not provided in this Report.

D. Economic Conditions

1. Taxable Value of Property within the Area

As described in Section II.A, property within the Area is owned by the State of Oregon. Therefore, the taxable value of property within the Area is \$0.

For municipalities over 50,000 in population, State law provides that the assessed value of an urban renewal area, when added to the certified assessed values (AV) for all other urban renewal areas, may not exceed 15% of the total assessed value of the municipality, exclusive of any increased assessed value for other urban renewal areas.

Table 1 below, “Conformance to Assessed Value Limits,” shows the certified frozen base AV of the City of Salem’s existing urban renewal areas and the impact that the new Area will have on the AV limit. Given the Area’s tax exempt status, it does not impact the AV limit and the City will remain well within the 15% limitation.

Table 1: Conformance to Assessed Value Limits

Assessed Value	Base AV
Fairview URA (frozen base AV)	\$368,369
North Gateway URA (frozen base AV)	\$133,430,967
Pringle Creek URA	Closed Out
Riverfront/Downtown URA (frozen base AV)	\$43,292,931
West Salem URA (frozen base AV)	\$141,630,333
Proposed Mill Creek Industrial Park URA	\$0
Total Certified Values in Urban Renewal Areas	\$318,722,500
Total AV, City of Salem (M50 AV less UR increment)	\$6,150,292,134
Percent of Salem AV in Urban Renewal Areas	5.18%

In addition to imposing a 15% AV limit, State law limits the total land area within a municipality that can be within urban renewal areas to 15%.

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Table 2 below, “Conformance to Acreage Limits,” shows the land area of existing urban renewal areas in Salem and the estimated acreage of the proposed new Area. With the addition of the Area, the City will remain within the 15% limitation.

Table 2: Conformance to Acreage Limits

	Acreage
Acreage in Existing Urban Renewal Areas	1,659.48
Acres in proposed Mill Creek Industrial Park URA	828.00
Total acres, all areas, including Mill Creek Industrial Park URA acreage	2,487.48
Total acreage, City of Salem	26,109.40
Percent of Total Acreage in Urban Renewal Areas	9.53%

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (“affected taxing districts”) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Anticipated increases in commercial, industrial, business park and office development within the Area will generally result in higher demand for fire, life safety and public safety services.

Landscaping improvements associated with many of the Plan’s public infrastructure and utility projects will increase the need for maintenance.

As described in the Section II.A, Land Use and Zoning, the Area is undeveloped and unpopulated. Properties in the Area are within the City’s EC Zone and EC Retail-Surface Center Subzone, which permit a broad range of employment and service uses but prohibit residential uses. Accordingly, there will be no population increase and build-out of the Area will not increase the demand for residential municipal and social services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

There is one urban renewal area in the Plan and it was selected to remove and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

This section describes the relationship between the urban renewal projects prescribed in the Plan and conditions generally described in Section II of this Report and, in more detail, below.

Urban renewal projects authorized by the Plan are described below.

A. Transportation Improvements

Planned transportation improvements will increase the carrying capacity and safety of the Area's existing roadways through the addition of new traffic lanes and the signalization of major intersections. In general, the Plan supports transportation projects that will improve multimodal connectivity and circulation within the Area through the provision of bike lanes, sidewalks and pedestrian-oriented streetscape improvements.

Relationship to Existing Conditions

As described in Section II, Area roadways are able to accommodate existing traffic demand, which are generally low due to the Area's undeveloped status. However, with the implementation of the Salem Regional Employment Center Master Plan and Development Strategy (the "Master Plan") and the phased development of the Area, traffic generated by commuters, commercial vehicles and visitors will exceed the carrying capacity of existing roadways. The implementation of planned street widening projects, travel lane additions, and associated bicycle, pedestrian and streetscape improvements will help ensure the projected increase in demand will be met without compromising the safety of vehicular and non-vehicular traffic. Further, the installation of traffic signals at the entrance to the Area on Kuebler Boulevard and key intersections will promote multimodal safety and traffic circulation.

B. Phase 1A Sewer Improvements

Improve the connection under Mill Creek to the existing State sewer. Provide a main from the new connection to the intersection of Kuebler Boulevard and the (new) Mill Creek Industrial Park East-West Street.

Relationship to Existing Conditions

The Area currently lacks adequate sewer infrastructure to support development. Upgrades to the existing Mill Creek sewage conveyance system coupled with the extension of a new

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water main to the intersection of Kuebler Boulevard and the (new) Mill Creek Industrial Park East-West Street will help ensure that future development in Phase 1A will have access to adequate sewer services.

C. Aumsville Highway Sewer Loop

Construct 10- and 12-inch sewer lines on Aumsville Highway along Phase 1C frontage as part of the Aumsville Highway Improvements.

Relationship to Existing Conditions

Currently, properties north of and adjacent to Aumsville Highway lack adequate sewer infrastructure needed to serve anticipated development. In conjunction with planned transportation improvements on Aumsville Highway, the construction of new sewer lines is a necessary precursor to development.

D. Phase 2 Sewer Reorganization

This project calls for the reorganization of the private sewer system in Phase 2 properties to create a public system, align with the new street system, and provide metering for separate users.

Relationship to Existing Conditions

Properties in the Phase 2 area south of Aumsville Highway are served by private sewer lines. To provide adequate and efficient sewer services to businesses that locate in the Area, it will be necessary to convert the existing private sewer system to a public system.

E. Phase 1B/1C Water Line Loop

Construct a 16-inch water line along Aumsville Highway, from the Marion County Jail property to Saddle Club Drive NE.

Relationship to Existing Conditions

The Area lacks sufficient water infrastructure to support development. As build-out occurs, it will be necessary to extend water lines to sites that are not currently connected to the City water system.

F. Phase 1A Water

Tap the 48-inch water main near Kuebler Boulevard/Turner Road and provide a water main to the intersection of Kuebler Boulevard and the (new) Mill Creek Industrial Park East-West Street.

Relationship to Existing Conditions

Concurrent with the implementation of Phase 1A sewer improvements, the extension of a new water main along Kuebler Boulevard will ensure that anticipated development will have access to adequate water services.

G. College T Reservoir

Construct a new 2.3 million gallon reservoir and pipelines.

Relationship to Existing Conditions

As build-out of the Area occurs, the existing 0.5 million gallon College Reservoir will be replaced by a new 2.3 million gallon reservoir and associated conveyance pipes. The new, higher volume reservoir is needed to accommodate the anticipated increase in capacity demands generated by new development. Most notably, for many industrial processes, access to a large and consistent supply of water is critical.

H. Phase 1B & 1C Stormwater Improvements

Connect stormwater discharge from Phase 1B and Phase 1C to the DPSST system.

Relationship to Existing Conditions

The Area currently lacks stormwater infrastructure. As development occurs, to discharge stormwater generated in Phase 1B and Phase 1C, it will be necessary to construct a closed pipe conveyance system that connects to the nearby DPSST system.

I. Central and Southern Open Space

The Plan calls for the development of two wetland areas and stormwater detention sites in the central and southern portions of the Area.

Relationship to Existing Conditions

Since avoiding all wetlands does not allow for the development of a large 100-acre lot in Phase 1B, the Master Plan calls for the provision of compensatory wetlands and stormwater detention sites. The Central and Southern Open Space projects will integrate wetlands mitigation strategies, such as grading and planting plans, with stormwater management facilities. Treated stormwater will be the primary source of hydrology for the wetland areas, which will be designed to provide bird habitat, sediment stabilization and phosphorous retention, and minor flood control.

V. **THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS**

Table 3 shows the estimated total cost of each project and the estimated sources of funds to address such costs, with all figures in year of expenditure dollars (which take into account inflation).

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Table 3: Revenues, Costs and Schedule for Urban Renewal Projects

FY Ending June 30	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues									
Beginning Balance	0	4,890,000	5,557,703	826,132	3,254,054	3,261,357	1,691,866	2,620,176	267,191
Debt Proceeds									
Special Public Works Fund Principal Grant - Interest to be repaid	1,000,000								
Special Public Works Fund Loan	4,000,000			5,000,000					
Tax Increment Debt - Long Term					2,007,516			7,537,626	0
Tax Increment Debt - Short Term		0	0	0	0	0	0	0	0
Development District Charges (Net of External Uses)		594,353	1,289,588	319,562	2,334,373	339,023	2,216,389	235,879	2,493,762
Interest	0	73,350	83,366	12,392	48,811	48,920	25,378	39,303	4,008
Total	5,000,000	5,557,703	6,930,656	6,158,085	7,644,754	3,649,301	3,933,633	10,432,983	2,764,960
Expenditures									
Administration	10,000	0	554,957	264,003	393,928	177,949	119,405	907,032	0
Bond Issuance Costs	0	0	0	0	50,188	0	0	188,441	0
Capital Projects									
Transportation	0	0	3,978,375	0	0	1,779,486	0	0	0
Water	0	0	604,713	157,353	3,939,281	0	0	0	0
Sewer	0	0	966,480	297,222	0	0	1,194,052	0	0
Surface Water/Wetlands	100,000	0	0	2,185,454	0	0	0	9,070,320	0
Total Capital projects	100,000	0	5,549,568	2,640,028	3,939,281	1,779,486	1,194,052	9,070,320	0
Total Expenditures	110,000	0	6,104,525	2,904,031	4,383,397	1,957,434	1,313,458	10,165,792	0

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Table 3: Revenues, Costs and Schedule for Urban Renewal Projects (Continued)

FY Ending June 30	2014	2015	2016	2017	2018	2019	2020	TOTAL
Revenues								
Beginning Balance	2,764,960	3,056,679	2,347,817	2,647,912	5,493,758	364,857	956,435	
Debt Proceeds								
Special Public Works Fund Principal Grant - Interest to be repaid								1,000,000
Special Public Works Fund Loan								9,000,000
Tax Increment Debt - Long Term					0			9,545,142
Tax Increment Debt - Short Term	0	0	0	0	0	0	6,500,000	6,500,000
Development District Charges (Net of External Uses)	250,244	2,645,397	264,878	2,806,127	281,009	586,105	0	16,656,688
Interest	41,474	45,850	35,217	39,719	82,406	5,473	14,347	600,013
Total	3,056,679	5,747,926	2,647,912	5,493,758	5,857,173	956,435	7,470,782	43,301,843
Expenditures								
Administration	0	309,101	0	0	499,301	0	677,716	3,913,392
Bond Issuance Costs	0	0	0	0	0	0	1,500	240,129
Capital Projects								0
Transportation	0	3,091,008	0	0	4,993,015	0	6,777,158	20,619,041
Water	0	0	0	0	0	0	0	4,701,347
Sewer	0	0	0	0	0	0	0	2,457,754
Surface Water/Wetlands	0	0	0	0	0	0	0	11,355,774
Total Capital projects	0	3,091,008	0	0	4,993,015	0	6,777,158	39,133,915
Total Expenditures	0	3,400,108	0	0	5,492,316	0	7,456,374	43,287,436

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Table 4: Tax Increment Revenues, Debt Service and Debt Service Reserves

FY Ending June 30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues													
Beginning Balance	0	180,871	895,048	1,313,433	2,475,960	2,832,697	3,747,648	4,132,861	5,105,035	6,155,494	7,857,362	9,677,815	12,043,689
Tax Increment Revenues	178,198	897,994	1,080,590	1,807,552	1,981,712	2,526,404	2,596,687	3,169,281	3,232,042	3,858,300	3,949,982	4,460,439	4,547,198
Interest	2,673	16,183	29,635	46,815	66,865	80,387	95,165	109,532	125,056	150,207	177,110	212,074	248,863
Transfer from Bond Proceeds													
Total	180,871	1,095,048	2,005,272	3,167,799	4,524,536	5,439,487	6,439,500	7,411,674	8,462,133	10,164,001	11,984,454	14,350,328	16,839,751
Expenditures													
Special Public Works Fund Principal Grant			63,814	60,857	57,752	54,491	51,068	47,473	43,699	39,736	35,575	31,205	26,618
Special Public Works Fund Loan1 Repayment			491,840	491,840	491,840	491,840	491,840	491,840	491,840	491,840	491,840	491,840	491,840
Special Public Works Fund Loan2 Repayment							614,799	614,799	614,799	614,799	614,799	614,799	614,799
Bond Debt Service													
Bond 1		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Bond 2					1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bond 3							0	0	0	0	0	0	0
Bond 4											0	0	0
Total Long Term	0	200,000	200,000	200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Short Term			0	0		0	0				0		6,500,000
Bond Reserve	0	200,000	200,000	200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total Expenditures	0	400,000	891,840	891,840	2,891,840	2,891,840	3,506,639	3,506,639	3,506,639	3,506,639	3,506,639	3,506,639	10,006,639
Rev - Exp	180,871	695,048	1,113,433	2,275,960	1,632,697	2,547,648	2,932,861	3,905,035	4,955,494	6,657,362	8,477,815	10,843,689	6,833,112
Principal Balance, All Debt													
Ending Balance													

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Table 5: Projected Tax Increment Revenues by Phase

Phase 1A

PHASE 1A														
FY ending June 30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Value in Current \$	5,659,984	13,221,521	11,564,959	13,221,521	11,564,959	14,733,828	5,659,984	14,733,828	5,659,984	12,469,834	0	9,073,844	0	9,073,844
Total RMV	6,004,677	14,447,513	13,016,463	15,327,366	13,809,166	18,120,750	7,169,899	19,224,304	7,606,545	17,261,167	0	13,325,246	0	14,136,753
CPR	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Total AV	4,803,742	11,558,010	10,413,171	12,261,893	11,047,333	14,496,600	5,735,919	15,379,443	6,085,236	13,808,934	0	10,660,197	0	11,309,403
Cumulative AV	4,803,742	16,361,752	26,774,923	39,036,816	50,084,149	64,580,749	70,316,668	85,696,111	91,781,347	105,590,281	105,590,281	116,250,478	116,250,478	127,559,880
Consolidated Billing Rate	17.25	17.00	16.75	16.50	16.25	16.00	15.75	15.50	15.25	15.20	15.20	15.20	15.20	15.20
Tax Increment Revenues	82,865	278,150	448,480	644,107	813,867	1,033,292	1,107,488	1,328,290	1,399,666	1,604,972	1,604,972	1,767,007	1,767,007	1,938,910
City Permanent Rate	28.013	95.414	156.138	227.643	292.066	376.603	410.052	499.737	535.223	615.750	615.750	677.915	677.915	743.865

RMV – Real Market Value

CPR – Change Property Ratio (to convert real market value to assessed value)

AV – Assessed Value (for property tax purposes)

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Table 5: Projected Tax Increment Revenues by Phase (Continued)

Phase 1 B&C

PHASE IB&C						
FY ending June 30	2008	2009	2010	2011	2012	2013
	2	3	4	5	6	7
Value in Current \$	7,152,283	37,414,114	0	37,414,114	0	23,244,920
Total RMV	7,587,857	40,883,412	0	43,373,212	0	28,588,320
CPR	0.80	0.80	0.80	0.80	0.80	0.80
Total AV	6,070,286	32,706,730	0	34,698,570	0	22,870,656
Cumulative AV	6,070,286	38,777,015	38,777,015	73,475,585	73,475,585	96,346,241
Consolidated Billing Rate	17.25	17.00	16.75	16.50	16.25	16.00
Tax Increment Revenues	104,712	659,209	649,515	1,212,347	1,193,978	1,541,540

Phase 2

FY ending June 30	2015	2016	2017	2018	2019	2020	2021
	9	10	11				
Value in Current\$	24,964,473	0	27,228,386	5,659,783	30,624,255	5,659,783	5,659,783
Total RMV	32,572,974	0	37,690,454	5,659,783	30,624,255	5,659,783	5,659,783
CPR	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Total AV	26,058,380	0	30,152,363	4,527,826	24,499,404	4,527,826	4,527,826
Cumulative AV	26,058,380	26,058,380	56,210,743	60,738,569	85,237,973	89,765,799	94,293,625
Consolidated Billing Rate	15.50	15.25	15.20	15.20	15.20	15.20	15.20
Tax Increment Revenues	403,905	397,390	854,403	923,226	1,295,617	1,364,440	1,433,263

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Table 3 (page 11) shows the anticipated completion dates of the urban renewal projects.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 4 (page 13) shows the yearly tax increment revenues and their allocation to debt service and debt service reserve funds. It is anticipated all debt will be retired by the end of FY 2019/2020. The estimated amount of tax increment revenues required to service debt is \$37,904,138 (total tax increment revenues of \$39,065,019 less \$1,160,881 remaining after debt is retired; to be refunded to taxing districts).

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues of \$37,904,138 are based on projections of the assessed value of development within the Area which are derived from the projections of real market value contained in the Salem Regional Employment Center Master Plan and Development Strategy.

Table 5 (page 14) shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues. These, in turn, provide the basis for the projections in Table 4.

IX. IMPACT ON THE TAX INCREMENT FINANCING BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAID, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area *without the Plan*. Revenues on growth in assessed value that would not occur but for the Plan cannot be considered as foregone.

In the case of this Plan, it is reasonable to assume that little of the development projected to occur would occur but for the Plan. Specifically, there is no development projected without the Plan from FY 2007/2008 through FY 2011/2012. This is based on the projection that without the Plan, it will take that much time to find alternative funds for infrastructure. It is further projected that development between FY 2012/2013 will be at the annual rate of one third the amount in Phases 1A and 1B&C with the Plan. (See Table 5.) This is because alternative funds would support smaller investment in infrastructure.

Table 6 shows the average annual foregone revenues to the overlapping taxing districts in year of receipt dollars from FY 2007/2008 through FY 2020/2021. Note that under current school funding law, the Salem Keizer School District would receive substantially the same revenues per student irrespective of the property tax revenues foregone.

Table 6: Average Property Tax Revenues Foregone by Overlapping Taxing Districts

Average Impact Per Year	
Marion County	\$61,222
City of Salem	\$118,057
Salem Area Mass Transit District	\$15,404
Chemeketa Cooperative Regional Library Service	\$1,656
Marion County Soil & Water Conservation District	\$1,012
Salem Keizer School District	\$91,526
Willamette Educational Service District	\$6,007
Chemeketa Community College	\$12,671

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Table 7 shows the increase in permanent rate levy revenues that would occur in the first year after termination of the tax increment financing in FY 2020/2021.

Table 7: Increase in Permanent Rate Levy Revenues, FY 2020/2021

Taxing District	Rates	Additional Property Tax Revenues, FY 2020/2021
Marion County	3.0241	\$ 784,586
City of Salem	5.8315	\$ 1,512,950
Salem Area Mass Transit District	0.7609	\$ 197,411
Chemeketa Cooperative Regional Library Service	0.0818	\$ 21,223
Marion County Soil & Water Conservation District	0.0500	\$ 12,972
Salem Keizer School District	4.5210	\$ 1,172,948
Willamette Educational Service District	0.2967	\$ 76,977
Chemeketa Community College	0.6259	\$ 162,386

The projected value of the additional property tax revenues in current dollars will exceed the projected foregone property tax revenues in FY 2021/2022.